

*This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Canadian Western Bank, Canadian Western Bank Place, Suite 3000, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6, telephone: (780) 423-8888, and are also available electronically at [www.secdar.com](http://www.secdar.com).*

New Issue

January 30, 2014

## Short Form Base Shelf Prospectus



**\$750,000,000**  
**Debt Securities (subordinated indebtedness)**  
**Common Shares**  
**First Preferred Shares**

Canadian Western Bank (the “**Bank**”) may from time to time offer and issue the following securities: (i) unsecured debt securities (“**Debt Securities**”); (ii) common shares (“**Common Shares**”); and (iii) first preferred shares in series (“**First Preferred Shares**”), or any combination thereof. The Debt Securities, Common Shares and First Preferred Shares (collectively, the “**Securities**”) offered hereby may be offered separately or together, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement (a “**Prospectus Supplement**”). All shelf information omitted from this short form base shelf prospectus (the “**Prospectus**”) will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. The Bank may sell up to \$750,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) during the 25 month period that this Prospectus, including any amendments thereto, remains valid.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of Common Shares, the number of shares and the offering price; and (iii) in the case of First Preferred Shares, the designation of the particular series, aggregate principal amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms.

The outstanding Common Shares and First Preferred Shares Series 3 (the “**Series 3 Preferred Shares**”) of the Bank are currently listed on the Toronto Stock Exchange under the symbols “**CWB**” and “**CWB.PR.A**”, respectively.

This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests, including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in

part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR.

Effective January 1, 2013 in accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions Canada (“OSFI”), non-common capital instruments issued after January 1, 2013, including First Preferred Shares and Debt Securities, must include terms providing for the full and permanent conversion of such securities into Common Shares upon the occurrence of certain trigger events relating to financial viability (the “**Non-Viable Capital Contingency Provisions**”) in order to qualify as regulatory capital. As of the date of this Prospectus, a trigger event has the meaning set out in the OSFI Guideline for Capital Adequacy Requirements (CAR), Chapter 2 – Definition of Capital, effective January 2013, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a trigger event: (a) the Superintendent of Financial Institutions (the “**Superintendent**”) publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of the relevant securities and all other contingent instruments issued by the Bank and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or (b) a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable. The specific terms of any Non-Viable Capital Contingency Provisions for any First Preferred Shares and Debt Securities that the Bank issues under this Prospectus will be described in one or more Prospectus Supplements relating to such securities.

In the Canadian federal budget released on March 21, 2013, the Government of Canada announced that it intended to implement a comprehensive risk management framework for Canada's systemically important banks (“**D-SIBs**”). The Government indicated that the framework would be consistent with the Financial Stability Board's *Key Attributes of Effective Resolution Regimes for Financial Institutions* and will include among other elements, a “bail-in” regime for D-SIBs. The regime will be designed to ensure that, in the unlikely event that a D-SIB depletes its capital, the bank can be recapitalized and returned to viability through the very rapid conversion of certain bank liabilities into regulatory capital. In March 2013 OSFI issued an advisory entitled *Domestic Systemic Importance and Capital Targets - DTIs* in which it identified the D-SIBs in Canada in the context of OSFI's assessment of systemic risk. The Bank was not identified as a D-SIB by OSFI and therefore will not be subject to the framework, including the bail-in regime. The advisory further indicates that the designation of D-SIB status will be periodically reviewed by OSFI and updated as needed.

The Securities may be sold through underwriters or dealers purchasing as principals, through agents designated by the Bank (such underwriters, dealers and agents are collectively referred to in this Prospectus as “**Investment Dealers**” and individually as an “**Investment Dealer**”) or by the Bank directly pursuant to applicable statutory exemptions, from time to time. See “Plan of Distribution”. Each Prospectus Supplement will identify each Investment Dealer engaged in connection with the offering and sale of those Securities to which the Prospectus Supplement relates, and will also set forth the terms of the offering of such Securities, including the net proceeds to the Bank and, to the extent applicable, any fees payable to the Investment Dealers. The offerings are subject to approval of certain legal matters on behalf of the Bank by Torys LLP.

**The Debt Securities will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) (the “**Bank Act**”) and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada).**

## TABLE OF CONTENTS

	Page
CAUTION REGARDING FORWARD-LOOKING STATEMENTS.....	3
DOCUMENTS INCORPORATED BY REFERENCE .....	4
CURRENCY AND ACCOUNTING INFORMATION.....	5
BUSINESS OF THE BANK .....	5
DESCRIPTION OF THE DEBT SECURITIES.....	6
SHARE CAPITAL .....	7
DESCRIPTION OF THE COMMON SHARES.....	7
DESCRIPTION OF FIRST PREFERRED SHARES.....	7
BOOK-ENTRY ONLY SECURITIES.....	8
BANK ACT RESTRICTIONS AND RESTRICTIONS ON PAYMENT OF DIVIDENDS.....	9
EARNINGS COVERAGE .....	10
PLAN OF DISTRIBUTION.....	10
RISK FACTORS .....	11
USE OF PROCEEDS .....	11
TRADING PRICE AND VOLUME OF THE BANK'S SECURITIES .....	11
INTERESTS OF EXPERTS.....	13
AGENT FOR SERVICE OF PROCESS.....	13
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	13
CERTIFICATE OF THE BANK.....	14

### **Caution Regarding Forward-looking Statements**

From time to time, the Bank makes written and verbal forward-looking statements. Statements of this type are included in this Prospectus, in the most recent Annual Report of the Bank and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about the Bank's objectives and strategies, targeted and expected financial results, and the outlook for the Bank's businesses or for the Canadian economy. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact", "goal", "focus", "potential", "proposed" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that management's predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved.

A variety of factors, many of which are beyond the Bank's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Canada, including the volatility and level of liquidity in financial markets, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, legislative and regulatory developments, legal developments, the level of competition, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, the accuracy and completeness of information the Bank receives about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and management's ability to anticipate and manage the risks associated with these factors. It is important to note that the preceding list is not exhaustive of possible factors.

Additional information about these factors can be found in the Risk Management section of the Bank's Management's Discussion and Analysis as contained in the Bank's Annual Report for the year ended October 31, 2013.

These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors may cause the Bank's actual results to differ materially from the expectations expressed in such forward-looking statements. Unless required by securities law, the Bank does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

Assumptions about the performance of the Canadian economy in 2014 and how it will affect the Bank's businesses are material factors considered when setting organizational objectives and targets. Performance target ranges for fiscal 2014 consider the following management assumptions:

- a modest acceleration of economic growth in Canada and relatively stronger performance in the four western provinces;
- prices for energy and other commodities remaining at levels comparable with those observed at October 31, 2013;
- sound credit quality with actual losses remaining within the Bank's historical range of acceptable levels; and
- a relatively stable net interest margin attributed to favourable deposit costs and shifts in asset mix that help to offset impacts from the very low interest rate environment and competitive factors.

Potential risks that would have a material adverse impact on current economic expectations and forecasts include a global recession spurred by a return to negative growth in the euro zone, a material slowdown of economic growth in the United States and/or China, or a significant and sustained deterioration in Canadian residential real estate prices. Unexpected pricing competition and/or disruptions in domestic or global financial markets that meaningfully impact the costs of overall deposit funding may also contribute to adverse financial results compared to expectations.

#### **Documents Incorporated by Reference**

The following documents have been filed with the securities regulatory authorities in each province and territory of Canada and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the Bank's Annual Information Form dated December 4, 2013;
- (b) the Bank's consolidated financial statements for the years ended October 31, 2013 and 2012, together with the auditors' report thereon;
- (c) the Bank's Management's Discussion and Analysis as contained in the Bank's Annual Report for the year ended October 31, 2013;
- (d) the Bank's October 22, 2013 Management Proxy Circular and attached Notice of Special Meeting held December 12, 2013; and
- (e) the Bank's January 3, 2014 Management Proxy Circular and attached Notice of Annual and Special Meeting to be held March 6, 2014.

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* filed by the Bank and any template version of marketing materials (each as defined in National Instrument 41-101 — *General Prospectus Requirements*) filed by the Bank with the various securities regulatory authorities in Canada pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the completion or withdrawal of any offering under any Prospectus Supplement are deemed to be incorporated by reference in this Prospectus.

**Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

Upon a new Management Proxy Circular in connection with an annual general meeting, Annual Information Form or new annual financial statements, together with the auditors' report thereon and management's discussion and analysis contained therein, being filed by the Bank with the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, Management Proxy Circular in connection with an annual general meeting, or annual financial statements and all interim financial statements, material change reports, and information circulars filed prior to the commencement of the Bank's financial year in which the new Management Proxy Circular in connection with an annual general meeting, Annual Information Form or annual financial statements are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

### **Currency and Accounting Information**

Unless otherwise indicated, all dollar amounts appearing in this Prospectus are stated in Canadian dollars.

Unless otherwise indicated, all amounts appearing under "Earnings Coverage" are derived from the consolidated financial statements of the Bank, which are presented in accordance with International Financial Reporting Standards.

### **Business of the Bank**

The Bank is the largest Schedule I chartered bank headquartered in Western Canada. The Bank and its subsidiaries, National Leasing Group Inc. ("**National Leasing**"), Canadian Western Trust Company ("**CWT**"), Valiant Trust Company ("**Valiant**"), Canadian Direct Insurance Incorporated ("**CDI**"), Canadian Western Financial Ltd. ("**CWF**"), Adroit Investment Management Ltd. ("**Adroit**"), McLean & Partners Wealth Management Ltd. ("**McLean & Partners**") and Canadian Western Bank Leasing Inc., currently operate in the financial services areas of banking, trust, insurance and wealth management. The Bank is primarily focused on its core business of personal banking and lending services in Western Canada. National Leasing specializes in commercial equipment leasing for small and mid-sized transactions and is represented across Canada. CWT provides trustee and custody services to independent financial advisors, corporations, brokerage firms and individuals. CWT also underwrites and administers residential mortgages through its Optimum Mortgage division. Valiant's operations include stock transfer and corporate trust services. CDI provides personal automobile and home insurance to customers in British Columbia and Alberta. Adroit and McLean & Partners specialize in discretionary wealth management for individuals, corporations and/or institutional clients. Third party mutual funds are offered through CWF, the Bank's mutual fund dealer subsidiary.

At October 31, 2013, the Bank's network consisted of 18 branches in Alberta, 17 branches in British Columbia, four branches in Saskatchewan and two branches in Manitoba. The Bank operates an Internet-based banking division under the name Canadian Direct Financial®, which offers registered and non-registered deposit products. CWT and Valiant maintain offices in Calgary, Alberta; Edmonton, Alberta; Vancouver, British Columbia; and Toronto, Ontario. Valiant also has an arrangement for co-transfer agency services in New York, New York. Adroit serves its

customers from its Edmonton, Alberta office and McLean & Partners serves its customers from its Calgary, Alberta office. National Leasing is based in Winnipeg, Manitoba. National Leasing has a network of sales representatives across Canada who serve the needs of customers in every province of Canada. CDI's head office is located in Vancouver, British Columbia. CDI also maintains two call centres, which are located in Edmonton, Alberta and Vancouver, British Columbia. At October 31, 2013, the Bank and its subsidiaries had 2,218 employees.

### **Description of the Debt Securities**

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in the Prospectus Supplement. To the extent the Debt Securities are convertible, exchangeable or exercisable securities, the applicable Prospectus Supplement will include a description of the material attributes of the underlying securities.

The Debt Securities will be issued under one or more indentures (each, a "**Trust Indenture**"), in each case between the Bank and a trustee (a "**Trustee**") determined by the Bank in accordance with applicable laws. The statements made below relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Bank. Reference is made to the Prospectus Supplement which accompanies this Prospectus for the terms and other information with respect to the Debt Securities being offered thereby, including: (i) the designation, aggregate principal amount and authorized denominations of the Debt Securities; (ii) the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which the Debt Securities will be issued; (iv) the date or dates on which the Debt Securities will mature; (v) the interest rate or rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased; (ix) whether the Debt Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (x) any exchange or conversion terms; and (xi) any other specific terms.

Unless otherwise specified in the Prospectus Supplement which accompanies this Prospectus, principal, premium (if any) and interest payable on Debt Securities are to be payable at any branch in Canada of the Bank provided that such payments may also be made at the option of the Bank by electronic or wire transfer or, by cheque mailed, delivered or otherwise transferred to the persons in whose names the Debt Securities are registered.

Debt Securities may, at the option of the Bank, be issued in fully registered form, in bearer form or in "book-entry only" form. See "Book-Entry Only Securities" below. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for the same aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for the Debt Securities. No charge will be made to the holder for any such exchange or transfer except for any tax or government charge incidental thereto.

The Debt Securities will be direct unsecured obligations of the Bank, constituting subordinated indebtedness for the purposes of the Bank Act, ranking at least equally with other subordinated indebtedness of the Bank from time to time issued and outstanding. In the event of the insolvency or winding-up of the Bank, the indebtedness evidenced by debentures issued by the Bank, including the Debt Securities (and any Debt Securities issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provision applicable to such Debt Securities), will be subordinate in right of payment to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by such debentures.

If a trigger event occurs, the priority of the Debt Securities will not be relevant since all Debt Securities will be converted into Common Shares which will rank on a parity with all other Common Shares of the Bank.

**The Debt Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act (Canada)*.**

### **Share Capital**

The authorized share capital of the Bank consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares, provided that the maximum aggregate consideration for all outstanding First Preferred Shares at any time does not exceed \$1,000,000,000, and 33,964,324 Class A Shares. As of January 29, 2014, there were 8,352,596 Series 3 Preferred Shares (with an aggregate par amount of \$208,814,900), 79,885,991 Common Shares, and no Class A Shares issued and outstanding.

Certain general terms and provisions of the Common Shares and the First Preferred Shares are set forth below under “Description of the Common Shares” and “Description of the First Preferred Shares”. For a full description of the terms and provisions, see the Bank’s by-laws, which are available electronically at [www.sedar.com](http://www.sedar.com). The particular terms and provisions of a series of First Preferred Shares offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to those First Preferred Shares, will be described in the Prospectus Supplement.

### **Description of the Common Shares**

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Common Shares.

The Common Shares are entitled to one vote per share at all meetings of shareholders of the Bank, except meetings at which only holders of a class or classes of shares other than Common Shares are entitled to vote. The holders of Common Shares are entitled to receive, as and when declared by the board of directors of the Bank and from the funds of the Bank available for the payment of dividends, dividends in such amounts and payable at such times as the board of directors shall determine. In the event of the liquidation, dissolution or winding-up of the Bank, after payment to the holders of the First Preferred Shares and the shares of any other class of shares of the Bank ranking in priority to the Common Shares of the amounts they are entitled to receive in any such event, the remaining property of the Bank shall be distributed equally and rateably among the holders of the Common Shares.

### **Description of First Preferred Shares**

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the First Preferred Shares of the Bank as a class.

#### ***Issuable in Series***

The authorized preferred share capital of the Bank consists of an unlimited number of non-cumulative First Preferred Shares without nominal or par value, provided that the maximum aggregate consideration for all outstanding First Preferred Shares at any time does not exceed \$1,000,000,000. The directors of the Bank may divide any unissued First Preferred Shares into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof.

#### ***Priority***

The First Preferred Shares of each series will rank on a parity with First Preferred Shares of every other series including the outstanding Series 3 Preferred Shares (and any First Preferred Shares issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provisions applicable to such First Preferred Shares) and are entitled to preference over the Common Shares and over any other shares of the

Bank ranking junior to the First Preferred Shares with respect to the payment of dividends and upon any distribution of assets in the event of liquidation, dissolution or winding-up of the Bank.

If a trigger event occurs, the priority of the First Preferred Shares will not be relevant since all First Preferred Shares (other than the outstanding Series 3 Preferred Shares which do not contain Non-Viable Capital Contingency Provisions) will be converted into Common Shares which will rank on a parity with all other Common Shares of the Bank.

### ***Restrictions***

The Bank may not create, without the approval of the holders of First Preferred Shares, any other class of shares ranking prior to or on a parity with the First Preferred Shares, increase the authorized number of First Preferred Shares or amend the provisions attaching to the First Preferred Shares.

### ***Shareholder Approval***

Any approval to be given by the holders of the First Preferred Shares as a class may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of First Preferred Shares at which holders of at least 33 $\frac{1}{3}$ % of the outstanding First Preferred Shares are represented or, if no such quorum is present at such meeting, at any adjourned meeting at which shareholders then present or represented by proxy would form the necessary quorum.

## **Book-Entry Only Securities**

### ***CDS Clearing***

Securities issued in “book-entry only” form must be purchased, transferred or redeemed through participants (“**CDS Participants**”) in the depository service of CDS Clearing and Depository Services Inc. or a successor or its nominee (collectively, “**CDS**”), as described below. Each of the Investment Dealers named in an accompanying Prospectus Supplement offering securities in “book-entry only” form will be a CDS Participant. On the closing of a book-entry only offering, the Bank will cause a global certificate or certificates representing the aggregate number of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS. Except as described below, no purchaser of Securities will be entitled to a certificate or other instrument from the Bank or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the Investment Dealer from which the Securities are purchased in accordance with the practices and procedures of that Investment Dealer. The practices of Investment Dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants having interests in the Securities. If (i) the book-entry only system ceases to exist, (ii) the Bank determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Securities and the Bank is unable to locate a qualified successor, or (iii) the Bank at its option elects, or is required by applicable law or the rules of any securities exchange, to withdraw the Securities from the book-entry only system, then physical certificates representing the Securities will be issued to holders thereof or their nominees.

### ***Transfer, Conversion and Redemption of Securities***

Transfers of ownership, conversions or redemptions of Securities will be affected only through records maintained by CDS for such Securities with respect to interests of CDS Participants and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Holders of Securities who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities, may do so only through CDS Participants. The ability of a holder to pledge Securities or otherwise take action with respect to such holder’s interest in Securities (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

## *Payments and Deliveries*

The Bank will make, or cause to be made, payments of principal, redemption price, if any, dividends and interest, as applicable, on Securities to CDS as the registered holder of the Securities and the Bank understands that the payment will be forwarded by CDS to CDS Participants in accordance with the customary practices and procedures of CDS. As long as CDS is the registered owner of the Securities, CDS will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. As long as the Securities are held in the CDS book-entry only system, the responsibility and liability of the Bank in respect of the Securities is limited to making payments of principal, redemption price, if any, dividends and interest, as applicable, on the Securities to CDS, as registered holder of the Securities. The Bank expects that CDS, upon receipt of any payment in respect of Securities, will credit CDS Participants' accounts in amounts proportionate to their respective interests in the principal amount of such Securities as shown on the records of CDS in accordance with the customary practices and procedures of CDS. The Bank also expects that payments by CDS Participants to the owners of beneficial interests in Securities held through such CDS Participants will be governed by standing instructions and customary practices, and will be the responsibility of such CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS, and persons other than CDS Participants having an interest in Securities must look solely to CDS Participants, for payments or deliveries made by or on behalf of the Bank to CDS in respect of such Securities.

Each beneficial owner must rely on the procedures of CDS and, if such beneficial owner is not a CDS Participant, on the procedures of the CDS Participant through which such beneficial owner owns its interest, to exercise any rights with respect to the Securities. The Bank understands that under existing policies of CDS and industry practices, if the Bank requests any action of a beneficial owner or if a beneficial owner desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the CDS Participant acting on behalf of the beneficial owner to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by the Bank, any Trustee and CDS. Any beneficial owner that is not a CDS Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its CDS Participant to give such notice or take such action.

None of the Bank, the Investment Dealers, the Trustee or any other trustee (in the case of Debt Securities) will assume liability or responsibility for: (i) any aspect of the records relating to the beneficial ownership of the Securities held by CDS or the payments or deliveries relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Securities; or (iii) any advice or representation made by or with respect to CDS relating to the rules governing CDS or any action to be taken by CDS or at the direction of CDS Participants.

## **Bank Act Restrictions and Restrictions on Payment of Dividends**

The Bank Act contains restrictions on the issue, transfer, acquisition and beneficial ownership of all shares of a chartered bank. The following is a summary of such restrictions. Any person wishing to obtain, or increase, a significant interest in a bank must make an application to the Minister of Finance. Ownership, directly or indirectly, of more than 10% of any class of shares of a bank constitutes a significant interest. A bank with equity of \$12 billion or more (a "**Large Bank**") may not have a shareholder which owns, directly or indirectly, more than 20% of its outstanding voting shares of any class or more than 30% of its outstanding non-voting shares of any class. Although the Bank does not meet this equity threshold, the Bank was grandfathered and deemed to be a Large Bank under this section of the Bank Act. The Minister has the power to change the Bank's status if it is demonstrated that the change in status is in the public interest and it will foster opportunities for the Bank to grow and better serve its customers. If the Minister were to change the status of the Bank, the Minister may approve the acquisition of all the Bank's common shares by a single entity.

The Bank monitors the above constraints on shareholdings through various means including completion of Declaration of Ownership Forms for shareholder certificate transfer requests.

The Bank Act also prohibits banks, including the Bank, from recording in its securities register a transfer or issue of any shares of the Bank to Her Majesty in right of Canada or of a province, an agent or agency of Her Majesty, a foreign government or an agent or agency of a foreign government and further provides that no person may exercise the voting rights attached to those shares of a bank. The Bank Act exempts from such constraints certain foreign

financial institutions which are controlled by foreign governments or their agents provided certain conditions are satisfied.

Under the Bank Act, the Bank cannot redeem or purchase any of its shares, including any series of First Preferred Shares, or its subordinated debt, including any Debt Securities, unless the consent of the Superintendent has been obtained. In addition, the Bank Act prohibits the Bank from purchasing or redeeming any shares or paying any dividends if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the Bank Act requirement to maintain, in relation to the Bank's operations, adequate capital and adequate and appropriate forms of liquidity and to comply with any regulations or directions of the Superintendent in relation thereto.

The Bank has covenanted for the benefit of the holders of Canadian Western Bank Trust Securities ("CWB WesTS") that, if a distribution is not paid in full when due on any outstanding CWB WesTS issued by Canadian Western Bank Capital Trust, the Bank will not declare or pay cash dividends on its First Preferred Shares and Common Shares, in each case, until the twelfth month following such deferral date, unless the required distribution is paid to the holders of CWB WesTS.

### **Earnings Coverage**

The following earnings coverage ratios do not reflect the issuance of any Securities under this Prospectus.

The Bank's dividend requirements on all of its First Preferred Shares adjusted to a before-tax equivalent using an effective income tax rate of 23.4% amounted to \$19,821,000 for the 12 months ended October 31, 2013. The Bank's interest requirements for subordinated debentures, debt securities, capital instrument liabilities, those instruments that were reclassified as deposits from capital instrument liabilities in accordance with the pronouncements issued by the Canadian Institute of Chartered Accountants for the 12 months ended October 31, 2013 and adjusted for the Bank's 5.950% subordinated debentures due June 27, 2018, which were redeemed on June 28, 2013, amounted to \$38,085,000 for the 12 months ended October 31, 2013.

The Bank's earnings before interest and income tax for the 12 months ended October 31, 2013 was \$306,435,000, which was (i) 8.0 times the Bank's interest requirements for this period and (ii) 5.3 times the Bank's aggregate dividend and interest requirements for this period, after adjustment for the redemption of the Bank's 5.950% subordinated debentures noted above.

### **Plan of Distribution**

The Bank may sell Securities through underwriters or dealers purchasing as principals or through agents designated by the Bank. Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers.

A Prospectus Supplement will set forth the terms of any offering of Securities, including the name or names of any Investment Dealers, the initial public offering price, the proceeds to the Bank, any underwriting discount or commission to be paid to any Investment Dealers and any discounts, concessions or commissions allowed or re-allowed or paid by any Investment Dealers to other investment dealers.

The Securities may be sold directly by the Bank at such prices and upon such terms as agreed to by the Bank and the purchaser or through agents designated by the Bank from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Bank to such agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, any agent is acting on a best efforts basis for the period of its appointment.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at

prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased.

Any public offering price and any discounts or concessions allowed or re-allowed or paid to Investment Dealers may be changed from time to time. The Bank may agree to pay the Investment Dealers a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of the Bank. Investment Dealers who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Bank to indemnification by the Bank against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such Investment Dealers may be required to make in respect thereof.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the Investment Dealers may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

### **Risk Factors**

Investors should carefully consider the risks set out herein before deciding whether to invest in any Securities. Investors should also carefully consider any risks that may be described in other filings the Bank makes with securities or banking regulators including, without limitation, the section entitled "Risk Management" in the Bank's Management's Discussion and Analysis as contained in the Bank's Annual Report for the year ended October 31, 2013, which section is incorporated by reference in this Prospectus and, if applicable, those described in a Prospectus Supplement relating to a specific offering of Securities. Additional risks and uncertainties not presently known to the Bank may also impair its business operations. If it does not successfully address any of the risks described below or in other filings, there may be a material adverse effect on its business, financial condition or results of operations. As a result, the Bank cannot assure an investor that it will successfully address these risks.

### *Ranking of Securities*

If First Preferred Shares or Debt Securities issued hereunder are converted to Common Shares in accordance with the Non-Viable Capital Contingency Provisions applicable to such securities, the terms of such First Preferred Shares or Debt Securities, as the case may be, including with respect to priority and rights on liquidation, will no longer be relevant as such securities will have been converted to Common Shares ranking on parity with all other outstanding Common Shares of the Bank.

### **Use of Proceeds**

Unless otherwise specified in a Prospectus Supplement, the net proceeds to the Bank from the sale of the Securities will be added to the general funds of the Bank and utilized for general banking purposes.

### **Trading Price and Volume of the Bank's Securities**

The Common Shares are traded on the TSX under the symbol CWB. The following table shows the price ranges and volume traded for the Common Shares for each of the previous 12 months (January 2013 through December 2013) plus such information for the current month to the last trading day before the date of this Prospectus.

Period	Common Shares	
	Price	Volume
January 2013	\$28.62 - 30.97	4,428,325
February 2013	\$30.39 - 31.88	2,449,822
March 2013	\$27.55 - 30.75	7,368,884
April 2013	\$27.40 - 28.49	2,510,171
May 2013	\$28.01 - 29.13	3,590,573
June 2013	\$27.04 - 28.77	4,013,447
July 2013	\$27.48 - 30.40	4,691,373
August 2013	\$28.16 - 29.95	3,281,929
September 2013	\$29.47 - 31.90	3,661,183
October 2013	\$30.60 - 33.75	2,645,638
November 2013	\$32.61 - 34.89	2,652,299
December 2013	\$34.33 - 38.90	5,001,227
January 1 to January 29, 2014	\$35.77 - 39.05	6,693,188

The Series 3 Preferred Shares are traded on the TSX under the symbol CWB.PR.A. The following table shows the price ranges and volume traded for the Series 3 Preferred Shares for each of the previous 12 months (January 2013 through December 2013) plus such information for the current month to the last trading day before the date of this Prospectus.

Period	Series 3 Preferred Shares	
	Price	Volume
January 2013	\$26.52 - 27.08	237,100
February 2013	\$26.32 - 26.70	173,648
March 2013	\$26.57 - 26.90	173,897
April 2013	\$26.25 - 26.95	443,343
May 2013	\$26.04 - 26.48	128,242
June 2013	\$25.65 - 26.30	140,810
July 2013	\$25.70 - 26.44	149,028
August 2013	\$25.57 - 25.99	94,007
September 2013	\$25.68 - 26.00	129,743
October 2013	\$25.45 - 25.95	178,459
November 2013	\$25.52 - 25.85	169,374
December 2013	\$25.50 - 25.75	168,814
January 1 to January 29, 2014	\$25.12 - 25.84	310,495

### **Interests of Experts**

KPMG LLP (“**KPMG**”), Chartered Accountants, Edmonton, Alberta, was the external auditor who prepared the Auditors’ Report to Shareholders with respect to the consolidated balance sheets of the Bank as at October 31, 2013 and 2012 and the consolidated statements of income, comprehensive income, changes in shareholders’ equity, and cash flow for the years then ended. KPMG is independent with respect to the Bank within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Unless otherwise specified in any Prospectus Supplement, certain legal matters relating to the Securities offered by a Prospectus Supplement will be passed upon, on behalf of the Bank, by Torys LLP. As at the date hereof, partners, counsel and associates of Torys LLP beneficially owned, directly or indirectly, less than 1% of any issued and outstanding securities of the Bank or any associates or affiliates of the Bank.

### **Agent for Service of Process**

Howard E. Pechet is a director of the Bank who resides outside of Canada. Mr. Pechet has appointed the following agent for service of process:

<b><u>Name of Person or Company</u></b>	<b><u>Name and Address of Agent</u></b>
Howard E. Pechet	Canadian Western Bank 3000, 10303 Jasper Ave. Edmonton, Alberta T5J 3X6

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **Statutory Rights of Withdrawal and Rescission**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus or any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

In an offering of Debt Securities or First Preferred Shares, to the extent such securities are convertible, exchangeable or exercisable securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the Debt Securities or First Preferred Shares are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion, exchange or exercise, as applicable, of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of this right of action for damages or consult with a legal adviser.

**CERTIFICATE OF THE BANK**

Dated: January 30, 2014

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces and territories of Canada.

(signed) CHRISTOPHER H. FOWLER  
President and  
Chief Executive Officer

(signed) TRACEY C. BALL, FCA  
Executive Vice President and  
Chief Financial Officer

On Behalf of the Board of Directors

(signed) ALLAN W. JACKSON  
Director

(signed) ROBERT A. MANNING  
Director